

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 L-02 H-02 INRE-00 NSCE-00

SSO-00 SR-02 ORM-01 IO-10 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 /092 W

----- 115199

O R 041501Z APR 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 8129

INFO AMEMBASSY BONN

AMEMBASSY SANTIAGO

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 08431

E.O. 11652: GDS

TAGS: EFIN, CI

SUBJECT: CHILE DEBT RESCHEDULING

REF: STATE 74576

1. ON APRIL 3 ECONCOMMIN INFORMED DUTET, ELYSEE ECONOMIC AND FINANCIAL ADVISER, THAT IN LIGHT OF STRONG GOF PREFERENCE FOR INFORMAL MEETING OF CREDITORS ONLY, AND ON THE STRENGTH OF DUTET'S BELIEF THAT SUCH A MEETING COULD BE PRODUCTIVE, U.S. WOULD AGREE TO A CREDITORS MEETING IN APRIL. DUTET SAID GOF WAS GREATLY PLEASED BY THIS NEWS. HE AGAIN FLAGGED IMPORTANCE WHICH GOF ATTACHED TO KEEPING MEETING "DISCREET" AND "CONFIDENTIAL." IN REPLY TO QUESTION FROM ECONCOMMIN, DUTET CONFIRMED GOF BELIEF THAT SUCH A CREDITORS MEETING COULD ACCOMPLISH A GREAT DEAL, ALTHOUGH ADDING THAT HE NATURALLY COULD NOT WARRANT THIS AS A CERTAINTY. DUTET ASKED THAT WE GO OVER SPECIFICS OF U.S. POSITION ON PROPOSED CREDITORS MEETING, AS CONTAINED PARAS 2 AND 3 REFTL, WITH BAUCHARD IN FINANCE MINISTER'S "CABINET" AND NEBOT, ASSISTANT TREASURY DIRECTOR IN CONFIDENTIAL

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FINANCE MINISTRY AND PARIS CLUB CHAIRMAN.

2. TREASURY REPRESENTATIVE MET LATER IN DAY WITH NEBOT AND HANDED HIM INFORMAL MEMORANDUM CONTAINING SUBSTANCE OF PARAS 2 AND 3 OF REFTEL. NEBOT LIKEWISE SAID GOF GREATLY APPRECIATED U.S. EFFORTS TO HELP FIND WAY OUT OF PRESENT IMPASSE BY LIFTING ITS OPPOSITION TO CONCEPT OF CREDITORS ONLY MEETING.

3. NEBOT CONFIRMED GOF INTENTION TO INVITE ALL PARIS CLUB CREDITORS. HE AGREED THAT GIVEN FLEXIBLE MEMBERSHIP OF CLUB, PRESENCE OF ANY SPECIFIC CREDITOR OR CREDITORS WOULD NOT BE NECESSARY FOR HOLDING OF MEETING. AT SAME TIME, HE SAID GOF WOULD MAKE MAXIMUM EFFORT IN BILATERAL CONSULTATIONS TO PERSUADE AS MANY OF THE DEFECTING CREDITORS AS POSSIBLE TO ATTEND.

4. FOR THIS REASON NEBOT QUESTIONS DESIRABILITY OF FORMULATING INVITATION IN A WAY WHICH WOULD SUGGEST THAT ONLY THOSE CREDITORS SHOULD COME TO MEETING WHO, AS OF NOW, CAN CONTEMPLATE ASSOCIATING THEMSELVES WITH A MULTILATERAL AGREEMENT TO RESCHEDULE. IF U.K. AND OTHER DEFECTORS CAN BE PERSUADED TO ATTEND, PERHAPS AT LEAST SOME OF THEM COULD BE SATISFIED WITH ARRANGEMENTS ON HUMAN RIGHTS ISSUE LIKE THOSE REACHED IN CONNECTION WITH 1974 RESCHEDULING (SEE PARA 3 OF PARIS 7399 OF 1974). THEN CREDITORS WILLING TO PARTICIPATE ON THAT BASIS COULD PROCEED TO EXAMINATION OF TERMS OF RESCHEDULING.

5. WITH RESPECT TO MATTER OF DATES, NEBOT REGRETTED THAT HE SAW GREAT DIFFICULTIES IN SCHEDULING MEETING IN APRIL. HE HIMSELF HAS LONG-STANDING COMMITMENTS TO BE AWAY FROM PARIS DURING APRIL 10-21, AND UNFORTUNATELY THESE COULD NOT NOW BE CHANGED. ALLOWING FOR NECESSARY BILATERAL CONSULTATIONS WITH VARIOUS CREDITOR COUNTRIES AND LEAD TIME REQUIRED TO BE SURE OF FINDING A MUTUALLY CONVENIENT DATE FOR ALL DELEGATIONS, HE FELT MIDDLE OF MAY WAS MORE REALISTIC TARGET.

6. TREASURY REPRESENTATIVE SUBSEQUENTLY SPOKE WITH CONFIDENTIAL

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BAUCHARD, TO WHOM HE MADE AVAILABLE COPY OF MEMORANDUM. BAUCHARD HAD HEARD ABOUT CONVERSATION WITH DUTET BUT NOT THE ONE WITH NEBOT. WE FILLED HIM IN ON THIS LATTER DISCUSSION, EMPHASIZING U.S. VIEW THAT SCENARIO SHOULD BE DESIGNED TO PRODUCE EARLY MULTILATERAL DECISION ON 1975 RESCHEDULING FOR CHILE -- SPECIFICALLY WELL BEFORE THE SUMMER. BAUCHARD SAID HE WOULD REFLECT ON U.S. VIEWPOINTS AS CONTAINED PARAS 2 AND 3 REFTEL.

AFTER TOUCHING BASE WITH FINANCE MINISTER FOURCADE, HE
WOULD LET US KNOW ANY FURTHER FRENCH REACTIONS THERETO.

7. COMMENT: FOREGOING CONVERSATIONS INDICATE THAT GOF
CONCEPT OF CREDITORS MEETING DOES NOT ENTIRELY PARALLEL
THAT OF U.S. HOWEVER, EMBASSY STRONGLY RECOMMENDS THAT

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AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01

CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02

OPIC-03 NSCE-00 SSO-00 SR-02 ORM-01 IO-10 /092 W

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O R 041501Z APR 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 8130

INFO AMEMBASSY BONN

AMEMBASSY SANTIAGO

C O N F I D E N T I A L SECTION 02 OF 02 PARIS 08431

WE MAKE MAXIMUM EFFORT TO ACCOMMODATE OURSELVES TO
THIS SITUATION. IT IS CLEAR THAT FIRST RESULT GOF
WANTS TO GET FROM SUCH A MEETING IS TO PERSUADE AT
LEAST SOME OF THE DEFECTORS TO REJOIN MULTILATERAL
RESCHEDULING EXERCISE FOR CHILE. GOF FEELS NEED OF
SUCH A DEVELOPMENT IN ORDER TO BLUNT INTERNAL
POLITICAL PRESSURES IN FRANCE THAT LED TO TURNABOUT
IN FRENCH POSITION. UNLESS THIS OBJECTIVE IS
ACHIEVED, IT IS UNLIKELY THAT FRANCE ITSELF WOULD BE
READY TO CARRY THROUGH ON RESCHEDULING EXERCISE. ON
QUESTION OF DATES FOR MEETING, WE RECOGNIZE THAT TIME-
TABLE SUGGESTED BY NEBOT IS NOT AS RAPID AS WE WOULD

LIKE. HOWEVER, COMBINATION OF HIS COMMITMENTS DURING APRIL AND THOSE OF U.S. DELEGATION INDICATED PARA 3 REFTEL MAKES IT HARD TO SEE HOW CONVENIENT TIME COULD BE FOUND DURING CURRENT MONTH EVEN IF THERE WERE NO PROBLEMS FOR ANY OTHER DELEGATION.

8. WE ALSO RAISED WITH NEBOT IBRD MATTER AS SET FORTH IN PARA 4 REFTEL. HE SAID THAT WHEN LOAN PROPOSAL FOR CHILE HAD FIRST BEEN TABLED, HE HAD INSTRUCTED FRENCH CONFIDENTIAL

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EXECUTIVE DIRECTOR THAT IN FRENCH VIEW, THIS PROPOSAL SHOULD BE EXAMINED ON ITS OWN MERITS AND WITHOUT ANY REFERENCE WHATSOEVER TO PROBLEM OF PARIS CLUB. AFTER LEARNING OF MCNAMARA'S ACTION ON APRIL 1, HE HAD RE-CONFIRMED HIS INSTRUCTIONS AND HAD ASKED EXECUTIVE DIRECTOR TO REITERATE TO IBRD THAT IN FRENCH VIEW, THERE WAS ABSOLUTELY NO LINK BETWEEN THE PROBLEM OF THE PARIS CLUB MEETING AND PROPOSAL FOR IBRD LOAN TO CHILE. HE HAD FURTHER POINTED OUT THAT MEETING OF PARIS CLUB HAD BEEN POSTPONED AS A RESULT OF ACTIONS BY CERTAIN CREDITORS. REQUEST OF CHILE FOR MEETING STILL STOOD, AND THERE WAS THEREFORE NO BASIS FOR VIEW THAT CHILE WAS NOT DEBTOR ACTING IN GOOD FAITH. AT OUR URGING, NEBOT AGREED TO COMMUNICATE STILL FURTHER WITH FRENCH EXECUTIVE DIRECTOR, MAKING CLEAR THAT MOVEMENT WAS UNDER WAY TO ORGANIZE EARLY MEETING OF PARIS CLUB CREDITORS.

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